

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GREEN RIVER ELECTRIC)	
CORPORATION (1) FOR AN ORDER PURSUANT TO)	
KRS 278.300 AND 807 KAR 5:001, SECTION 11)	
AND RELATED SECTIONS, AUTHORIZING IT TO)	
ISSUE EVIDENCE OF INDEBTEDNESS TO BORROW)	
\$1,573,000 FROM THE NATIONAL BANK FOR)	CASE NO. 90-126
COOPERATIVES, AND (2) FOR A CERTIFICATE)	
OF CONVENIENCE AND NECESSITY PURSUANT TO)	
KRS 278.020 (1) AND 807 KAR 5:001,)	
SECTION 9 AND RELATED SECTIONS, AUTHORIZ-)	
ING CERTAIN PROPOSED CONSTRUCTION AND)	
ASSOCIATED CAPITAL OUTLAY)	

O R D E R

Green River Electric Corporation ("Green River") filed its application on May 15, 1990 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$1,573,000 from the National Bank for Cooperatives ("CoBank"), and to execute its notes to secure such loan.

In support of its application, Green River filed its 1990-1991 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to serve its load. These improvements and additions are estimated to cost \$5,245,030 and will be financed by loans of \$3,672,000 from the Rural Electrification Administration ("REA") and of \$1,573,000 from CoBank.

Green River seeks authorization to construct extensions and additions to its plant as follows:

1. Conversions, Tie Lines and Line Changes	\$1,504,280
2. Substation Facilities	473,500
3. Sectionalizing Work Orders	95,000
4. New Member Extensions	1,234,900
5. Special Equipment	918,150
6. Routine System Improvements	259,000
7. Security Lights	77,700
8. Routine Ordinary Replacements	<u>682,500</u>
Total	\$5,245,030

The proposed construction will enable Green River to continue to provide adequate and dependable service to 25,662 customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, and provide for improved service reliability.

On June 4, 1990, the Commission issued an Order requesting information from Green River regarding debt service requirements, loan approvals, work plan cost estimates, and the beginning date of construction for the 1990-1991 Work Plan. On June 12, 1990, Green River filed its responses to the June 4, 1990 Order, providing all the requested information. Evidence filed by Green River included correspondence from REA and CoBank approving the loans.

Based on the evidence of record and being otherwise sufficiently advised, the Commission hereby finds that:

1. Public convenience and necessity require the construction by Green River of the improvements and additions to its existing plant as described in its 1990-1991 Work Plan, and that a certificate should be granted.

2. The proposed loan from CoBank is for lawful objects within the corporate purposes of Green River, is necessary and appropriate for and consistent with the proper performance by Green River of its service to the public, and will not impair its ability to perform that service.

3. Green River is capable of executing its notes as security for the loan as stated herein.

4. Green River should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

5. Green River should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

6. The proceeds from the proposed loans should be used only for the lawful purposes set out in Green River's application.

7. Green River should include in its monthly report to the Commission the current interest rate on its outstanding variable rate loans.

8. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency do not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Green River's proposed loans from the REA is required.

IT IS THEREFORE ORDERED that:

1. Green River be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and additions as set forth in its 1990-1991 Work Plan.

2. Green River be and it hereby is authorized to borrow \$1,573,000 from CoBank for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Green River, at the time the first monies are drawn from CoBank, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

3. Green River be and it hereby is authorized to execute its notes as security for the loan herein authorized.

4. Green River shall comply with all matters set out in Findings 4 through 7 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 16th day of July, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director